

Message Text

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PAGE 01 GEORGE 01149 221420Z

45

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 COME-00 DOTE-00 FMC-01 CG-00 OFA-01

DLOS-04 AID-05 AGR-05 CIEP-01 CEA-01 OMB-01 /090 W

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R 211750Z JUL 75

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 1507

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY KINGSTON

AMEMBASSY OTTAWA

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE GEORGETOWN 1149

E.O. 11652: N/A

TAGS: EINV, GY

SUBJECT: GOG TAKES FURTHER STEPS TOWARD NATIONALIZATION OF PRIVATE FIRMS

REF: (A) GEORGETOWN 853 (B) GEORGETOWN 2206 OF DEC 12, 1974

1. EMBASSY HAS BEEN INFORMED BY MANAGER OF SPROSTONS (GUYANA) LTD. WHOLLY-OWNED SUBSIDIARY OF ALCAN- THAT GOG INTENDS TO TAKE OVER COMPANY'S CATERPILLAR AGENCY AND POSSIBLY IT HEAVY VEHICLE REPAIR FACILITY (GUYTRAC). RATIONALE FOR THIS LATEST MOVE IS FACT THAT GOG IS CUSTOMER FOR OVER EIGHTY PERCENT OF COMPANY'S IMPORT BUSINESS AND WISHES TO AVOID PAYING HIGHER PRICES FOR CATERPILLAR EQUIPMENT BROUGHT ABOUT BY LOCAL AGENTS COMMISSION.

WHILE COMPANY APPEARS WILLING TO TURN OVER AGENCY TO GOG IT DOES NOT RPT NOT LIKE IDEA OF RELINQUISHING SERVICE FACILITY. CATERPILLAR (PEORIA) HAS BEEN ADVISED OF GOG'S INTENTIONS AS HAS CANADIAN GOVT THROUGH ALCAN.

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PAGE 02 GEORGE 01149 221420Z

NEGOTIATIONS SCHEDULE TO BEGIN AUGUST 7.

2. TALKS ARE CONTINUING BETWEEN GOG AND BOOKERS MCCONNELL FOR MAJORITY CONTROL OF LATTER'S CARIBBEAN SHIPPING INTEREST. GOG REPORTEDLY ALSO WANTS TO ACQUIRE CONTROL OF DEMERARA SUGAR TERMINAL IN WHICH IT OBTAINED ROUGHLY TWENTY PERCENT INTEREST WITH RECENT JESSEL TAKEOVER. BOOKERS MOST RELUCTANT TO SEE TERMINAL IN GOG HANDS, CONSIDERING IT A VITAL LINK FOR ITS SUGAR EXPORTS.

3. GOG NOW NEGOTIATING WITH ONE OF GUYANA'S SMALLER IMPORT/WHARFAGE FIRMS (JOHN FERNANDES, LTD) FOR ITS ASSETS. IN THIS CASE WE BELIEVE FERNANDES INITIATED THE ACTION, ANTICIPATING THE GOG'S INEVITABLE TAKEOVER OF ENTIRE GEORGETOWN WATERFRONT.

4. COMMENT: THESE RECENT GOG ACTIONS FOLLOW FROM PM BURNHAM'S DECEMBER ANNOUNCEMENT THAT GOG WILL BE SOLE HANDLER OF ALL IMPORTS AND EXPORTS WITHIN SHORT TIME. BOOKERS IS WILLING TO PART WITH SOME OF ITS GUYANA ASSETS IN ORDER TO APPEASE GOG AND HOPEFULLY FORESTALL NATIONALIZATION OF ITS SUGAR HOLDINGS, THE COMPANY'S MAJOR INVESTMENT HERE. AS FAR AS CATERPILLAR IS CONCERNED IT MAKES SENSE FOR GOG TO IMPORT DIRECTLY SINCE IT IS NOW THE PRINCIPAL, AND WILL PROBABLY SOON BE THE ONLY END USER OF THESE PRODUCTS. IT IS UNCERTAIN HOWEVER WHETHER PEORIA WILL AGREE TO GOG'S RUNNING OF REPAIR FACILITY UNDER AEGIS OF CATERPILLAR AGENCY.

RESULT COULD WELL BE NO RPT NO AGENCY AS SUCH AT ALL, WITH GOG SIMPLY ABSORBING MAINTENANCE ACTIVITY INTO ITS OTHER WORKSHOPS.

5. ACQUISITION OF SHIPPING AND WHARFAGE INFRASTRUCTURE RESULTS FROM LONG-STANDING GOG SCHEME TO ESTABLISH PORT AUTHORITY AND CREATE INTEGRATED SERIES OF STELLINGS ALONG DEMERARA WATERFRONT. THIS COULD RESULT IN MORE EFFICIENT OFF-LOADING AND PORT CLEARING, BUT IT WOULD INVOLVE EXPENDITURE OF SEVERAL MILLIONS OF DOLLARS TO RENOVATE EXISTING WHARVES AND WHAREHOUSES, SOME OF WHICH ARE IN POOR CONDITION.

6. INTEREST IN BOOKERS SHIPPING MAY RELATE TO GUYANA'S POSSIBLE DESIRE TO LINK UP WITH NAMUCAR. FIRST STEP WOULD BE TO SET UP ITS OWN FLAG CARRIERS. QUESTION ARISES AS TO WHAT GUYANA HAS TO SHIP TO ITS CARIBBEAN NEIGHBORS ASIDE FROM SOME 40,000 TONS OF RICE ANNUALLY AND SMALL QUANTITIES OF TIMBER

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PAGE 03 GEORGE 01149 221420Z

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